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BY MR. LANTOS, et al

THE SEMICONDUCTOR CHIP PROTECTION ACT

HON. TOM LANTOS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Monday, January 30, 1984

● Mr. LANTOS. Mr. Speaker, surely among the most farsighted and important constitutional provisions adopted by the Founding Fathers was that Congress establish regulations for patents and copyrights in order to encourage and protect invention and innovation. One of the most important reasons for our remarkable achievements in the research and development of new technologies is the protection which our laws provide to inventors and developers so they may profit from their innovations for a reasonable period of time.

Protecting developer's rights to rapidly changing new technologies is inherently difficult, and this is particularly true with regard to the semiconductor industry. Existing law does not provide adequate protection to semiconductor chip innovations. The designs of circuits used in small computer components do not fall within the eligible copyright protection because they are not purely ornamental, and do not fall within patent protection since, although original, they do not meet the required standard of novelty.

Since existing law does not provide protection to semiconductor designs, chip innovations by one company are subject to technological piracy by its competitors. The pirate firm can undersell the innovator since it does not have to recover the huge development costs which were borne by the innovator; accordingly, pirate firms can flood the market with inexpensive copies of the chip. This piracy is a clear, present, and unacceptable threat to the economic health of the industry and could, if not prevented, result in the decline of innovation and research. In this era of accelerated transition to a high-technology society, the impact of these developments can negatively impact the entire economy.

Mr. Speaker, in an effort to deal with this serious problem, I am joining the distinguished senior member of the California Delegation, Mr. EDWARDS, and my distinguished colleagues Mr. MINETA and Mr. ZSCHAU in sponsoring H.R. 1028, the Semiconductor Chip Protection Act of 1983.

The act will grant copyright protection for the imprinted design patterns on semiconductor chips, by amending section 101 of the Copyright Act of 1976. This will give innovative semiconductor companies legal protection against the economic menace of the pirating competitors. It will also give companies the incentives to invest in research and development, by protecting them against the piracy of the results of that research and development.

H.R. 1028 will also protect the legitimate interests of other companies by immunizing innocent infringers, assuring compulsory and reasonable royalty license when needed and justified, and assuring the right to the practice of reverse engineering for the purposes of education, analysis, or evaluation. It is significant, Mr. Speaker, that this bill enjoys the unanimous support of the affected industry.

No administrative costs will be involved for the Federal Government, nor is there any loss of tax revenue. No new bureaucracy will be required to carry out the provisions of the act, as the existing copyright organization can be employed.

Mr. Speaker, H.R. 1028 is a balanced, reasonable, practical, and needed piece of legislation. It provides for appropriate protection of the legitimate interests of chip designers and users. I strongly encourage my colleagues to support this bill.●